

July 2008

U.S. Small Business Administration

Hawaii District Office

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Hawaii Small Business Development
Center Network – www.hawaii-sbdc.org
Serving Oahu, Kauai, Maui and Hawaii

Hawaii Women's Business Center
808/526-1001 www.hwbc.org

SCORE Oahu
808/547-2700 www.hawaiiscore.org

Hawaii SBA Lending Ahead of National Trends

While many small businesses across the country appear to be stalled by the effects of the cooling economy and the credit crunch from sub-prime mortgages, SBA lending in Hawaii continues to provide strong support to small firms looking for financing. The Hawaii District office is defying the downward trend in guaranteed loans, even hitting records for year-to-date performance.

At the close of May, SBA lending in Hawaii was 16% above the FY 2008 goal for the number of loans to small business owners. Total loan dollars also hit record levels for the year-to-date, reaching \$40.2 million, 28% above the annual goal for the local office, with four months remaining in the fiscal year.

"SBA has a solid working relationship with our lenders and we're pleased that they use our financing tools to keep capital accessible for more small companies," said District Director Andrew Poepoe. "As credit contracts along with the economy, it's critical for businesses to prepare and identify the resources - particularly financial resources- that will support them through slow period. SBA has a lot to offer."

The Hawaii SBA staff collaborates with lenders and business assistance providers around the islands to assist prospective borrowers with information, resources and guidance. SBA specialists will be available for consultations and training in many island locations that will cover the entire range of programs and services that business owners and entrepreneurs can tap for support and survival.

SBA Resource Center Assists Small Business with Economic Stimulus Package Benefits

The U.S. Small Business Administration has created a new online tax savings resource center to help small businesses understand how they can benefit from the Economic Stimulus Act of 2008, the very same legislation that is delivering checks to individual tax payers this year.

The package includes these tax incentives for businesses: a 50% bonus depreciation allowance on eligible equipment purchased and placed in service in calendar 2008 and an almost 100% increase in the amount (from \$128,000 to \$250,000) that a business can expense for equipment purchased and placed in the business tax year beginning in 2008.

SBA's new tax savings resource center demonstrates the benefits entrepreneurs can gain from the 2008 economic stimulus package. Found at www.sba.gov/stimulus, the center contains three informational resources:

- 1. Fact Sheet** The fact sheet provides a clear explanation and offers examples of the tax benefits for small businesses.
- 2. Depreciation Calculator** This useful tool provides an estimate of the first-year depreciation available under the provisions.
- 3. Online Seminar** This brief tutorial summarizes the tax benefits and concludes with the depreciation calculator.

While these resources should help small businesses take advantage of the stimulus package, there are exceptions and additional requirements. Small business owners are encouraged to contact their tax advisor to determine exactly how the provisions and implementing tax code of the 2008 economic stimulus package apply to their business.

COMPUTER SECURITY: A TOP PRIORITY!



According to the government, 8.3 million Americans fell victim to identity theft in 2005. Estimated losses surpassed \$15 billion and continue to increase as this type of criminal attack has become one of the fastest growing crimes in the country. As a small business owner, computer security should be a high priority. Consider that payroll, proprietary information, client and employee data are all critical to the success of your business operations. A computer failure or system breach could cost you your customers, your competitive advantage and even your reputation.

Business owners have been surprised to discover their vulnerabilities, often waiting until it's too late. Threats come in all shapes and sizes, not just bugs, worms and Trojan horses.

- A longtime bookkeeper stole \$73,000 from his unsuspecting employer. The theft, legal fees, and recovery paid to new accountants almost destroyed this 40 person firm.
- A Trojan Horse, unknowingly activated by a small company's owner, devastated a small consulting firm.
- A computer savvy grandmother embezzled \$500,000 from her employer, a small electrical supplier.

Don't become a victim! The small business owner who recognizes the threat of computer crime and takes steps to deter inappropriate activities is less likely to become another sad statistic!

Take that first step and come to a free workshop developed by the NIST Computer Security Division to help small businesses increase their information system security. Sponsored by SBA, FBI and NIST, the workshop will cover how to determine your security needs, examples of today's common threats and how to proactively address them, and the "best practices" to operate more securely. With information technology changing daily, you'll want to hear about the most current procedures to reduce your vulnerability and the resources available to your organization.

The four hour workshop will be held on August 28, 2008, from 8:30 a.m. to 12:30 p.m. at the Honolulu Design Center in Honolulu. Seating is limited to the first 100 registrants. Reserve your seat on line at www.sba.gov/hi or call SBA's Hawaii District Office at (808)541-2990.

Target Growing Market Segment on the Internet 8000 Baby Boomers Turn 60 Everyday

The number of adults over age 50 will soar in the next ten years. Census Bureau data shows that adults 50 and over will be the only growth demographic (measured by age) between now and 2015 as the massive Baby Boomer generation (born between 1946 and 1964) enters its 50s and 60s. (Already 8000 Baby Boomers turn 60 everyday!). This market segment also has more disposable income and strives to maintain an active lifestyle. What does services or products does your business offer to these customers? How are you reaching them?

Boomers always have been at the forefront when it comes to embracing new products and technologies including personal computers, cellular phones, PDAs, and e-mail. Boomers use the web: 70% of adults age 50 to 64 are online, according to the Pew Internet & American Life Project, only about 12 percentage points less than younger age groups.

Exporting Webinar Focuses on Food and Ag Products

The Western U.S. Agriculture Trade Association and the Hawaii Department of Agriculture, are holding a "**Branded Program**" **Webinar** on **July 10th**. Log on to learn about matching funds for food and agricultural exporters with the Market Access Program!

The program provides reimbursements for the promotion of food and nonfood agricultural products in foreign markets. With funds from USDA's Foreign Agricultural Service (FAS), the program provides participants with a 50% cost reimbursement for eligible marketing activities, such as trade shows, advertising, in-store demos, PR, and other promotional expenses. Please keep in mind that some major domestic trade shows are eligible under this program! Companies can apply for \$5,000 to \$250,000 per program year.

To register, please complete and submit the form found at www.wusata.org/events/event_details.asp?eventID=978.

Creating a Good 30-Second Elevator Pitch

Marketing your business is always important. Sometimes you only get a few moments to share your business with someone. A good "Elevator Pitch" is a concise, carefully planned, and well-practiced description about your company that is easily understood, interesting, and can be delivered in the time it would take to ride up an elevator.

Here are a few tips to create and deliver a winning elevator pitch:

Share what is unique about what you do: The whole idea behind a great elevator pitch is to intrigue someone. It's an ice-breaker and a marketing pitch rolled into one. Your elevator pitch must have a hook. Saying something like "I own a flower shop downtown" isn't nearly as intriguing as "I'm a specialty florist who deals in rare orchids and tropical flowers."

Make it exciting: A superior pitch excites one about your business. It should be based in truth and integrity and come from your passion—that essence that excites and motivates you about the business.

Keep it simple: Don't try to be all things to all people. This isn't when you cover a laundry list of your products or services. It isn't a sales pitch. Instead, your goal is to spark their interest in learning more. Keep it simple and brief. It should be just a few sentences that can be said in 30 seconds or less.

Share why you're the best: Add a few words to convey your experience and expertise that differentiates you from others in the profession, such as "a specialty florist with over 20 years of experience..."

Add a hook: Include a quick comment to encourage further contact, such as "May I send you a brochure?", "May I have your card?", "Please view our website to see our special offers.", "Please call for a free consultation."

Practice, practice, practice: While it may feel odd or uncomfortable at first, it gets easier with practice and will eventually become second nature. Then you can practice saying it with excitement and appropriate emphasis to truly grab the listener.



Pamela Tumpap
Maui Chamber of Commerce

Tumpap is president of the Maui Chamber of Commerce and 2008 SBA Small Business Journalist for the State of Hawaii and Region IX.

SBA Loans for May 2008

Bank	No. of Loans	Loan Amount (000's)	
		Gross	SBA
Bank of Hawaii	57	3893.5	2196.8
First Hawaiian Bank	31	3288.3	2156.0
Central Pacific Bank	22	1942.3	1249.2
American Savings Bank	20	1858.9	1056.4
Citizens Security Bank	18	3058.0	2295.6
Hawaii Community FCU	8	180.0	90.0
Capital One	7	345.0	172.5
Bank of Guam	4	297.3	164.4
Hawaii National Bank	3	295.5	251.2
Honolulu Federal Credit Union	3	135.0	67.5
Nara Bank	2	1566.0	1174.5
Banco Popular North America	2	795.1	590.1
Lehman Brothers Bank, FSB	1	1211.2	908.4
Comerica Bank	1	291.6	218.7
Center Bank	1	290.0	217.5
Partners Bank	1	125.0	62.5
Ohana Pacific Bank	1	120.0	102.0
Borrego Springs Bank	1	25.0	21.2
Wells Fargo	1	25.0	12.5
Sub-total	184	19742.7	13007.0
Innovative Bank	64	1480.0	1133.8
Superior Financial Group, LLC	47	505.0	429.3
Business Loan Center LLC	2	82.0	69.7
Total 7(a) Loans	297	21809.7	14639.8
HEDCO 504 Loans	28	14961.0	14961.0
Lokahi Pacific 504 Loans	5	3443.0	3443.0
Grand Total	330	40213.7	33043.8

New Leadership Named for Top SBA Post

After two years at the helm of the Small Business Administration, former Administrator Steve Preston was sworn in as HUD secretary on June 6, 2008. During his tenure at SBA, Preston led the agency through a major restructuring of the disaster loan program, invested in training and professional development for employees to create a strong, motivated team and focused on key initiatives to support small businesses across the country.

Deputy Administrator Jovita Carranza, an experienced executive from the private sector prior to her appointment to her SBA position, temporarily assumed the duties of the administrator while the president reviewed candidates for the job.

On June 25, 2008, President Bush nominated Sandy K. Baruah to serve as Administrator of SBA. Currently serving as Assistant Secretary of Commerce for Economic Development, Baruah has managed the EDA since 2005. The mission of EDA is to lead economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. The nomination must now be approved by the U.S. Senate.



New Online Courses Steer Entrepreneurs Through Loan Process

The U.S. Small Business Administration has introduced two new free online finance courses to help small business owners with the basic principles of finance and borrowing.

The new self-paced courses, **Finance Primer: Guide to SBA's Loan Guaranty Programs** and **How to Prepare a Loan Package**, walk business owners through steps that answer questions about what debt financing is, what loan programs are available, what small businesses should know about borrowing money, how to prepare a loan package and how loan requests are reviewed by lenders.

The Finance Primer gives an overview of the SBA's loan guaranty programs to help small businesses understand the variety of financial resources, including those from the SBA. The finance courses can help entrepreneurs avoid some of the common mistakes made such as securing the wrong type of financing, miscalculating the amount of financing required, and underestimating the cost of borrowing money.

The Loan Package course also includes small business links to related information, and refers course participants for direct support in preparing a loan request to appropriate resources that include SBA's district offices, SBA resource partners and lenders.

The new finance courses have been added to a menu of more than 26 online tutorials offered by the SBA. On a typical day, 800 to 2,000 customers register for free online courses offered by the SBA through its virtual training campus at the Small Business Training Network (SBTN) (www.sba.gov/training).

Web Address for the New Lessons in Lending :
Finance Primer: Guide to SBA's Loan Guaranty Programs
<http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=29>
How to Prepare a Loan Package
<http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=28>

WorkLinks Works for Business Owners, Too!

Small business owners in Hawaii frequently lament about the difficulty of recruiting qualified employees and the investment needed for training and retaining them. Oahu WorkLinks offers employer related resources to make those tasks a bit less stressful.

For employers who need to expand staff or enhance the skills of existing employees, WorkLinks can streamline the hiring or training process at little or no cost. This network of service providers offers listings with local and national job banks, can match qualified applicants with your job requirements and customize job fairs for special needs. The agency may also provide some financial support for employer driven on-the-job training, funding to pay for company or classroom training, or courses in computers, interpersonal skills, customer service and more. To put WorkLinks to work for your company, call 843-0733.



Prepare for Disaster Before it Strikes

Disasters strike in all seasons. Since Oct. 1, 2007— just in the last nine months—SBA has responded to 137 declared disasters across the country, including those for hurricanes, tornados, cyclones, floods, fires and drought. SBA is urging the public to develop an emergency plan before the disaster hits.

Disaster preparedness for homes and businesses should include:

A solid emergency response plan. Find evacuation routes from the home or business and establish meeting places. Make sure everyone understands the plan beforehand. Keep emergency phone numbers handy. Business owners should designate a contact person to communicate with other employees, customers and vendors. Ask an out-of-state friend or family member to be your “post-disaster” point of contact .

Adequate insurance. Disaster preparedness begins with having adequate insurance coverage—at least enough to rebuild your home or business. Homeowners and business owners should review their policies. Businesses should consider “business interruption insurance,” which helps cover operating costs during the post-disaster shutdown period. Flood insurance is essential. To find out more about the National Flood Insurance Program, visit the Web site at www.floodsmart.gov.

Making copies of important records. It's a good idea to back up vital records and information saved on computer hard drives, and store that information at a distant offsite location. Computer data should be backed up routinely. Copies of important documents and CDs should be stored in fire-proof safe deposit boxes offsite.

Protection of windows, doors and roofing. Installing impact-resistant window and door systems, or simple plywood shutters installed before the storm hits can enhance their ability to resist impacts from wind-borne debris. Hire a professional to evaluate your roof to make sure it can weather a major storm.

A “Disaster Survival Kit.” A kit should include a flashlight, a portable radio, extra batteries, a first-aid kit, non-perishable packaged and canned food, bottled water, a basic tool kit, plastic bags, cash, and a disposable camera to take pictures of the property damage after the storm.

More important disaster preparedness tips are available on the SBA's web site at www.sba.gov/services/disasterassistance/disasterpreparedness/index.html.

The Institute for Business and Home Safety (www.ibhs.org) also has information on protecting your home or business. To take action to protect your property visit www.ready.gov for help to develop your emergency plan.

Small Business Training & Events

July 2008

8– Business Plan Study Group – HWBC, 1041 Nu'uuanu Ave.
2:00pm-4:00pm (526-1001) or hwbcadmin@hwbc.org

12– Small Business Resource Workshop – HWBC, 1041 Nu'uuanu Ave.
9:00am-11:00am (526-1001) or hwbcadmin@hwbc.org

12– Recession Marketing 101—SBDC OAHU—
1833 Kalakaua, #400– www.hawaii-sbdc.org or (808) 945-1430 FEE

15–SBA Resource Day at Central Pacific Bank, Mililani
Call SBA to register for your consultation (808) 541-2990, ext. 211

17– Enhancing Your Business Success– SBDC KAUAI
Kauai Community College, www.hawaii-sbdc.org or call (241-3148)

17– Part III: Advance Skills Workshop – HWBC, 1041 Nu'uuanu Ave
10:00am-1:00pm (526-1001) or hwbcadmin@hwbc.org – FEE

17– Starting a Venture in Hawaii—SBDC MAUI
Lahaina—www.hawaii-sbdc.org or (875-2402)- FEE

17– Small Business Resource Workshop– HWBC, 1041 Nu'uuanu Ave.,
2:00pm-4:00pm (526-1001) or hwbcadmin@hwbc.org

19– State and Federal Tax Procedures – HWBC, 1041 Nu'uuanu Ave.,
9:00am-4:00pm (526-1001) or hwbcadmin@hwbc.org – FEE

22– Surviving Tough Times: An Employer Workshop; Hawaii Island Workforce & Economic Development Ohana, HILO 981-2860, ext. 236, to register-FEE

23– Wahine in HawaiiBusiness: 1st Annual Women's Resource Guide and Forum – Hilton Hawaiian Village from 8:00 a.m. to -2:00 p.m. Fee. Go to www.hawaiibusiness.com -Partner: Hawaii Women's Business Center

24–6th Annual Department of Defense Hawaii Small Business Forum
Honolulu Country Club. Register www.hawaii-sbdc.org FEE

30– SBA's 504 Loan: Fixed Asset Financing for Small Business – USDA Forest Service Conference Room, 60 Nowelo St.. HILO – 9:00am-10:30am (541-2990, ext. 210) or www.sba.gov/hi

31– SBA Resource Day at Bank of Hawaii, Kahului MAUI Branch
Call SBA to register for your consultation (808) 541-2990, ext. 210

31– SBA Resource Day at American Savings Bank, Kapolei Branch
Call SBA to register for your consultation (808)541-2990, ext. 211

August 2008

21– SBA: Your Small Business Connection – Hawaii Design Center
1250 Kapiolani, Honolulu – 9:30am to 11:30am (– 541-2990 ext. 203 or joan.makizuru@sba.gov

SAVE THE DATE - COMPUTER SECURITY

With FBI, NIST and SBA!

Hawaii Design Center, Cupola Events Theatre
1250 Kapiolani Blvd., Honolulu — August 28, 2008
Free workshop, free parking — 8:30 a.m. to 12:30 p.m.
Register at www.sba.gov/hi